

**MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE**

Room 210 East Senate Building, State Capitol Complex

January 27, 2016

Members Present: Sen. Stephen H. Urquhart, Co-Chair
Rep. Keith Grover, Co-Chair
Rep. Jon E. Stanard, House Vice Chair
Sen. Jim Dabakis
Sen. Ann Millner
Sen. Howard A. Stephenson
Sen. Jerry W. Stevenson
Sen. Evan J. Vickers
Rep. Kim Coleman
Rep. Fred C. Cox
Rep. Jack R. Draxler
Rep. Daniel McCay
Rep. Kay L. McIff
Rep. Carol Spackman Moss
Rep. Derrin Owens
Rep. Mark A. Wheatley

Staff Present: Mr. Spencer Pratt, Fiscal Manager
Ms. Jill Curry, Fiscal Analyst
Ms. Lorna Wells, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Co-Chair Grover called the meeting to order at 8:15 a.m. He mentioned the great work of all higher education entities throughout the state.

2. Welcome and Introduction

Committee members introduced themselves.

3. Introduction of Compendium of Budget Information (COBI)

Co-Chair Grover thanked the fiscal analysts for their great work and expertise in assisting the committee. Mr. Pratt informed committee members that everything for the committee is posted on line. He showed the tentative calendar for the meetings held for the next two weeks.

[Tentative Higher Education Appropriations Subcommittee Calendar](#). He showed how to find the link for COBI. [COBI - Higher Education](#) [Budget Tools/COBI Tutorial](#)

4. Introduction of S.B. 1 Higher Education Base Budget Bill

Mr. Pratt discussed the link for the Higher Education Base Budget Bill. He showed the links

available for all of the institutions and other information available by links from S.B. 1.
[Higher Education Base Budget Bill](#)

Base Budget Reallocation Options. Mr. Pratt stated that the Executive Appropriations Committee (EAC) had given instructions to the subcommittees that any budget requests must be funded by a matching decrease in that entity's budget. The analyst mentioned two options: 1) identify no reductions and recommend no increases or 2) identify areas for reductions in order to fund increases.

Mr. Pratt suggested that one possible budget reduction would be to limit some tuition waivers for a possible savings of \$22.9 million. He also suggested \$1.25 million from the Education Excellence line item in the State Board of Regents budget could be reduced. The analyst has identified \$4.4 million in one-time savings from current Operations and Maintenance appropriations for buildings not yet completed.

Rep. Cox asked for clarification regarding COBI and funding available. Mr. Pratt explained that Higher Education can receive funding from both the General Fund and Education funds. He also discussed how one-time funding impacts the revenue sources.

Co-Chair Grover acknowledged Board of Regents Chair Daniel Campbell and Vice Chair France Davis in attendance at the meeting.

Vice Chair Stanard asked if the one-time O&M funding mentioned was for the building at Dixie ATC that is not yet completed. Ms. Curry mentioned the O&M base budget reduction is for the building not yet completed at DXATC.

Ms. Curry explained the recommended UCAT base budget adjustments of \$1 million in the Custom Fit program. This would be replaced by increasing the employer match. This funding could be used for Performance Based Funding.

5. Legislative Auditor General Reports

a. USHE Operations & Maintenance (O&M) Follow-Up Mr. Kade Minchey, Audit Manager, and Mr Matthias Boone, Audit Staff, discussed some of the recent audits regarding O&M for Higher Education. They stated the first audit was completed in 2011, with two follow-up audits, one in December 2014 [Follow-Up of Selected Legislative Recommendations for Higher Ed O&M Dec 2014](#) and a more extensive follow-up in June 2015 [Follow-up Audit of Higher Ed. O&M June 2015](#)

They discussed five recommendations and that status of those recommendations. [LAG Recommendations for Higher Education Operations and Maintenance](#) Co-Chair Urquhart asked the appropriate USHE representatives to discuss these recommendations as they make presentations to the committee.

b. 2015-09 – A review of CTE Coordination and Program Duplication between Public Education and UCAT Mr. John Schaff, Auditor General and Mr. David Gibson, Audit

Supervisor reported on this audit. [A Review of CTE Coordination and Program Duplication between Public Education and UCAT](#) Mr. Gibson gave background information regarding this audit. Chapter II found that CTE coordination appears adequate. Chapter III indicated that duplication of effort is not widespread

Co-Chair Urquhart asked for clarification regarding the number of students who utilize the services of the ATC. Rep. Coleman asked for clarification regarding ATC's in Salt Lake County. Mr. Schaff answered that most CTE is done at the high schools in the Salt Lake area. He mentioned that there may be some duplication in introductory classes.

Rep. McIff and Co-Chair Urquhart asked about the duplication depicted on the graph. Mr. Gibson and Mr. Schaff answered their questions. Rep. McIff mentioned that the committee didn't want to interrupt something that is working. Mr. Schaff explained that the auditors were very impressed with the coordination that is now taking place.

In response to the questions asked by Rep. Coleman, Co-Chair Urquhart asked that Granite Technical Institute, Jordan Technical Center, and Canyons Technical Center report at a future meeting. Rep. Coleman mentioned concerns that there is limited coordination and no conduit for CTE to higher education. She also stated that there is not a strong completion rate in certain programs. Co-Chair Urquhart asked for a response from SLCC about this issue.

Rep. Owens mentioned the issue of coordination in the eight regions in his area because of the distance involved. They have expanded the work with Snow College, but the distance involved does create barriers. Vice Chair Stanard gave some historical information regarding CTE and the ATCs. He mentioned the agreement with USU-Eastern and Snow with regions in their areas. He said that rural areas need more access.

Rep. Wheatley asked Rep. Coleman if she was talking about articulation agreement or some other type of conduct. Co-Chair Grover mentioned that this will be discussed later on.

c. 2015-11 A Performance Audit of CTE Completion. Mr. Timothy Bereece, Audit Supervisor discussed this performance audit. [A Performance Audit of CTE Completion & Job Placement Rates](#) Chapter II states that broad completion definitions make composite statistics not comparable. It states that UCAT has diluted its completion statistics with small achievements. He specifically discussed the fact that occupational upgrades have been reported as certificates when no certificate is issued. He discussed the three recommendations found on Page 3 of the audit.

Co-Chair Grover expressed deep concern about the audit findings, and asked for clarification on the data reported. Mr. John Schaff, Auditor General, stated that one of the troubling findings was that UCAT could not replicate the data that was reported. Co-Chair Grover asked if this data manipulation would have resulted in more funding. Mr. Schaff answered that it was not specifically tied to funding but rather a dramatic shift in what was being reported and counted.

Sen. Dabakis was very troubled by the audit and for a system that would allow this data manipulation. He stated the completion rates reported made it look like UCAT was doing better

than they were actually doing. He felt that it was especially troubling because of the 66 percent goal by 2020.

Sen. Vickers discussed UCAT's strength in providing training to get jobs. He mentioned that getting trained and re-trained is very valuable. He said that anything that is deterring from that goal should be looked into. Mr. Schaff stated the audit does not imply that the certificates are not important. He mentioned that UCAT's mission is very important to the state..

Co-Chair Urquhart said that the audit speaks to some profound issues with UCAT's reporting mechanisms that have occurred over the past three or four years.

Sen. Stephenson said that although the report does not show a specific link to funding; he asked if there was a correlation because greater numbers of certificates would qualify for greater funding. Ms. Curry indicated there was not a direct tie from certificates reported and funding received. Co-Chair Grover mentioned that UCAT might have provided internal rewards for those campuses who generated more certificates. He said the audit has brought to light these issues. Rep. McIff expressed concern that the committee be given straight information. Co-Chair Urquhart stated the findings of the audit were very serious. He asked committee members to spend more time reading the audit and to be prepared for a follow-up discussion.

Rep. Cox encouraged UCAT to be more forthright in identifying classes and programs that are in current demand. He mentioned that UCAT does many wonderful things. Vice Chair Stanard indicated that the problem is more about the reporting of data. He suggested that UCAT segregate all types of data.

Mr. Schaff explained that UCAT did concur with the recommendations and is very willing to present the certificates in each category rather than a composite format.

Co-Chair Urquhart asked for clarification about the job placement rates. Mr. Bereece mentioned there were key methodology differences between how USHE reports job placement rates and how UCAT reports job placement rates. Because of these differences the statistics are not comparable. They listed recommendations for UCAT and USHE to address this issue

6. USHE Issue Briefs

Mr. Pratt Explained the USHE Issue Briefs.

a. Historical Funding Mr. Pratt explained the Historical Funding Issue Brief. [USHE Historical Funding](#) The purpose is to show how state funding has changed over the past few years. Rep. McIff noted that when he first began at the legislature, 75 percent of the institutions' funding was from state funding.

b. USHE Mission, Enrollment, and Funding Mr. Pratt mentioned that this issue brief discusses how funding has changed in response to changes in mission statements and also enrollment increases. [USHE Mission, Enrollment, and Funding](#) He specifically noted that in 2009-2011 when state funds per FTE decreased, student enrollments saw dramatic increases.

c. USHE Tuition

1. Tuition and Fees Mr. Pratt discussed the Tuition and Fees Issue Brief. [USHE Tuition and Fees](#) He discussed first-tier tuition and second tier tuition for each institution. Mr. Pratt discussed tuition and fees comparisons with WICHE and Rocky Mountain States.

Co-Chair Urquhart said that this was important data. He emphasized that he shared the desire of the committee to keep tuition low. He stated the USHE institutions are underfunded.

Sen. Dabakis mentioned the rising costs of high education including fees are much greater than inflation. He asked if state funding covered more of the costs, if tuition and fees would remain constant. He also asked if tuition and fees are ever used to cover new buildings. Mr. Pratt answered that it would be difficult to determine the impact on tuition if state funding percentages increased. He stated that tuition and fees are not generally used to fund new buildings.

Co-Chair Urquhart stated that higher education costs are outpacing inflation by a factor of 4 to 1. He asked Comm. Buhler to look the costs of higher education and the funding issue. Rep. McIff noted the level of disparity between the institutions.

Vice Chair Stanard mentioned that he has voiced his concern about tuition increases for the past several years. He would like to know more about why the increase is happening and what can be done to slow down the rate of tuition increases.

Rep. Cox said that he has heard that university professors and instructors are paid significantly more than public education teachers. He asked if professors are over-paid when compared to other jobs in Utah. Sen. Vickers reported that it is necessary to look at the high quality of the higher paid instructors. Rep. Coleman mentioned the performance metrics involved. Rep. Moss stated that it was very important to give adequate salaries to cover the basic core classes. Co-Chair Grover asked Comm. Buhler to answer this question at a future meeting.

2. Tuition Waivers Mr. Pratt discussed the tuition waivers issue brief. [Tuition Waivers](#)

3. Tuition Projections Mr. Pratt discussed FY 2017 Tuition Projections. He specifically addressed why the projections overestimated the tuition increases. [FY 2017 Tuition Projections](#)

MOTION: Rep. Stanard moved to adjourn. The motion passed unanimously.

Co-Chair Urquhart adjourned the meeting at 10:40 a.m.